

# SECURITY DEPOSIT FACT SHEET

## DEFINITION

A Security Deposit is any advance rent payment other than first month's rent, key deposit, or special equipment deposit collected by the landlord. The amount collected as security deposit cannot exceed **two** months rent, or **one** month for tenants sixty-two years of age or older.

## LANDLORD RESPONSIBILITIES

Landlords are required to deposit the entire amount of the security deposit into an interest bearing escrow account at a financial institution located within the State of Connecticut and must pay interest annually to tenants on the funds held. An interest payment to tenants of at least **1.5% is required by State law effective January 1, 2010 through December 31, 2010** (see reverse for past interest rates). The interest rate may change annually on or about January 1st. Interest is due and payable on the anniversary date of the lease or the tenancy, in the absence of a lease. It may be paid directly or applied as a credit toward the next month's rent. No interest is due for any month in which the rent was paid legally late **and** no late fee was charged. A table of interest rates for previous years is provided on the back of this document. A fine not to exceed \$100 may be levied against a landlord who fails to pay interest on the deposit. This penalty is imposed by the State Department of Banking.

## FUNCTION OF THE SECURITY DEPOSIT

The security deposit funds can only be accessed after the tenancy has terminated and possession of the unit is restored to the landlord. These funds are to reimburse the landlord for unpaid rent or for the cost of repairs due to damages to the apartment beyond normal wear and tear. Section 47a-21 of the Connecticut General Statutes contains the security deposit law. The State of Connecticut Department of Banking is responsible for enforcing the law and regulations.

## RETURNING THE SECURITY DEPOSIT

If the tenant caused no damage to the unit and no back rent or other fees are due, the security deposit plus interest must be returned within 30 days from the date the tenant has returned the keys and vacated. If the tenant has caused damage or owes back rent, the landlord must provide a written itemized list of the deductions and cost of each and return any balance of the deposit, including the interest due. The itemized list, return of the balance after deductions and interest due must be sent to the tenant within 30 days from the date the tenant returned the key. If the cost of repairing the damage exceeds the amount of the security deposit, the landlord may sue the tenant. It is strongly suggested that both the tenant and landlord be present during inspections to ensure each understands and agrees with the damages. Regardless of the landlord's or tenant's participation, the condition of the apartment should be noted upon vacating. Landlords who willfully or negligently fail to return all or any part of the deposit are subject to a fine of not more than \$250 for each offense from the State Department of Banking.

## TENANT RESPONSIBILITIES

The vacating tenant is responsible for providing the landlord with the tenant's forwarding address. If the tenant provides an address more than 30 days after vacating, the landlord has fifteen days from the date of receiving such address to forward the security deposit balance and/or notice of itemized deductions. Tenants disputing any security deposit deductions may pursue a Small Claims action against the landlord. Tenants may sue for twice the security deposit amount, if the landlord has not returned the deposit or provided a list of damages within the statutory initial 30-day period, or subsequent 15-day period. A landlord who does not pay the accrued interest as required by law could be liable for twice the amount of accrued interest.

Housing Education Resource Center

Housing Counseling Line **(860) 296-4372**

State Department of Banking (860) 240-8154

(see side 2 for interest rates)

**CT SECURITY DEPOSIT INTEREST RATES BY YEAR:**

<b>Effective Date of Rate</b>	<b>Rate of Interest</b>
<b>10/01/1973 — 9/30/1982</b>	<b>4.00%</b>
<b>10/01/1982 — 9/30/1992</b>	<b>5.25%</b>
<b>10/01/1992 — 6/30/1993</b>	<b>4.00%</b>
<b>07/01/1993</b>	<b>2.90%</b>
<b>01/01/1994</b>	<b>2.50%</b>
<b>01/01/1995</b>	<b>2.80%</b>
<b>01/01/1996</b>	<b>3.10%</b>
<b>01/01/1997</b>	<b>2.80%</b>
<b>01/01/1998</b>	<b>2.60%</b>
<b>01/01/1999</b>	<b>2.30%</b>
<b>01/01/2000</b>	<b>2.20%</b>
<b>01/01/2001</b>	<b>2.40%</b>
<b>01/01/2002 — 12/31/2010</b>	<b>1.50%</b>

To calculate Annual interest amount:

Multiply amount of security deposit by interest rate for the annual amount of interest due.  
(e.g. \$1000 x .015% = \$15)

To calculate Monthly interest amount:

Divide the Annual interest by 12 months (e.g. \$15 divided by 12 months = \$1.25). Multiply the monthly amount by the appropriate number of months to calculate interest for less than one year.  
(example: January–March = 3 months: \$1000 deposit X 1.5% annual interest rate = \$15.00 divided by 12 mos. = \$1.25 multiplied by 3 mos. = \$3.75 interest earned from January through March.)